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IN THE
Supreme Court of the United States

WAL-MART STORES, INC.,
Petitioner,
v.
SAMARA BROTHERS, INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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BRIEF AMICUS CURIAE OF PAYLESS SHOESOURCE, INC. IN SUPPORT OF PETITIONER

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BRIEF AMICUS CURIAE OF PAYLESS SHOESOURCE, INC. IN SUPPORT OF PETITIONER

Payless ShoeSource, Inc., as amicus curiae, respectfully submits this brief in support of Petitioner Wal-Mart Stores, Inc. pursuant to Rule 37.3 of the Supreme Court Rules. By letters filed with the Clerk of the Court, the parties have consented to the filing of this brief.[1]

INTEREST OF AMICUS CURIAE

Founded in 1956, Payless ShoeSource is America's largest family footwear retailer. Operating through more

[1] Pursuant to Supreme Court Rule 37.6, amicus curiae Payless ShoeSource, Inc. states that no counsel for a party in this case authored this brief in whole or in part, and no person or entity other than the amicus curiae made a monetary contribution to the preparation or submission of this brief.

than 4300 self-service stores nationwide and beyond, Payless ShoeSource sells low- and medium-priced quality shoes, handbags and hosiery bearing private brand labels of Payless ShoeSource. The mission of Payless ShoeSource is to provide affordable, fashionable, quality shoes to its customers. Payless ShoeSource sold more than 200 million pairs of shoes to nearly 150 million customers in 1998, with sales for the year totaling $2.62 billion.

Consumer choice regarding shoes and other fashion items is strongly influenced by the appearance, the style, or the "look" of the merchandise. Therefore, the Second Circuit's decision in this case granting trade dress protection based merely on the "look" of apparel could significantly impede the ability of Payless ShoeSource and others serving the value-oriented footwear market to satisfy customer demands and to compete effectively in the marketplace. The Court's decision in this case will, in all likelihood, estabilsh a legal framework affecting the daily business operations of Payless ShoeSource and other companies that cater to consumer desires in style and fashion trends. For this reason, Payless ShoeSource submits this amicus brief to assist the Court in understanding the practical concerns and competitive factors at stake in this case.

SUMMARY OF ARGUMENT

The law regarding inherent distinctiveness, as applied to trade dress in the form of product design, is currently in disarray. There is disagreement regarding the definition of inherent distinctiveness as well as the scope of that definition. Some courts and commentators suggest product designs must be tested against a separate definition of inherent distinctiveness, while others assert a single test should apply to all types of trade dress. This lack of clarity has obscured the overarching concept that is intrinsic to all trademark law developed over many decades,

namely that for purposes of evaluating trademark protectibility under trade dress law, a symbol's source indicativeness and product descriptiveness (or, in other words, its informativeness) are inversely correlated. This critical concept has been lost due to an overzealous concern for the protection of an article's novelty and originality. In such an environment, trade dress principles are highly subject to abuse for anticompetitive purposes, thereby limiting consumer choice.

The first step in resolving the issue before this Court is to reexamine bedrock principles granting and limiting protection of intellectual property. The Lanham Act, which is at issue here, was intended to promote use of and protect source indicating marks, thereby reducing the potential for customer confusion as to product source. In contrast, the patent laws grant proprietary rights of limited duration in designs meeting certain stringent substantive and procedural criteria designed to guarantee that monopoly-like rights are granted only to protect those subjects that meet the requirements of novelty and nonobviousness. In this manner, the patent laws encourage and reward innovation in either utilitarian or ornamental designs. Unless these fundamental distinctions are enforced, overbroad Lanham Act protection for product designs will lead to monopoly-like protection for product designs unfettered by the temporal limitations and safeguards inherent in patent law.

Any test for inherent distinctiveness of product design must protect only source indicativeness without unduly hindering competition. Trade dress protection for product design presents special problems because, unlike word trademarks, product design rarely serves primarily or solely as a source identifier. Instead, product design usually informs the consumer about the product's utilitarian functions and serves aesthetic purposes that enhance the

product's appeal. The Court's decision in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), appears to acknowledge the distinction between trademarks, labels, and packaging on one hand and product design on the other; the Court should likewise accommodate the distinction in defining inherent distinctiveness for product design. Such a distinction is especially important in those industries, such as the apparel industry, where product design plays a central role in competition and customer preference. Moreover, any definition of inherent distinctiveness for product design must not chill competition by granting overbroad and unlimited proprietary protection for product designs that do not meet the rigorous standards for patent protection.

This Court should adopt a test for inherent distinctiveness of product design that begins with the first two elements of the test announced by the Third Circuit in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994), namely that the design be (i) unusual and memorable and (ii) conceptually separable from the product. The third *Duraco* element (likely to serve as a designator of product origin) is vulnerable to manipulation because it focuses on the source's intent in adopting a particular design or configuration. It also does not well serve the organizing principle that source indicativeness and product descriptiveness are inversely correlated. The third element should be replaced with a more objective standard that defines source indicativeness as inversely correlated to an enhanced concept of "distinctiveness"—the design's perceptual informativeness about the product. This approach is adapted from the well-established *Abercrombie* test for word-based marks (thereby providing precedential continuity) and also accommodates the fact that product design usually conveys considerable information about the characteristics of the product. Only in those relatively rare cases where a

product design is perceptually *un*informative about the product would the design be deemed to serve primarily as a designator of product source entitled to Lanham Act protection.

ARGUMENT

I. UNCERTAINTY REGARDING THE CONTOURS OF TRADE DRESS PROTECTION FOR PRODUCT DESIGN ADVERSELY AFFECTS COMPETITION AND CONSUMER CHOICE

In *Two Pesos, Inc. v. Taco Cabana, Inc.*, 502 U.S. 1071 (1992), the Court held that inherently distinctive restaurant decor is protectible trade dress under § 43(a) of the Lanham Act without a showing of secondary meaning. The posture of *Two Pesos* did not require the Court to enunciate a definiton for inherent distinctiveness. Now before the Court is the question of inherent distinctiveness, specifically limited to trade dress in the form of product design.[2]

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[2] Some courts and commentators have questioned whether this Court's holding in *Two Pesos* even applies to product configuration claims. *See, e.g., Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1445 (3d Cir. 1994) (stating that *Two Pesos* "did not define what makes trade dress inherently distinctive and . . . did not decide whether a product configuration could ever be inherently distinctive"); Chad M. Smith, *Undressing Abercrombie: Defining When Trade Dress Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401, 409-10 (1997) (indicating that it is possible to interpret *Two Pesos* as not holding that the *Abercrombie* factors must be used when analyzing trade dress); Glenn Mitchell & Rose Auslander, *Trade Dress Protection: Will a Statutorily Unified Standard Result in a Functionally Superior Solution?*, 88 Trademark Rep. 472, 480 (1998) (stating that *Two Pesos* did not decide what test to use to determine whether trade dress is inherently distinctive). Under this view, the real issue before this Court is whether product designs can ever be inherently distinctive so as to gain protection under the Lanham Act, and if so, what test of inherent distinctiveness should be applied.

The years since *Two Pesos* have seen extensive debate and divergent views on the concept of inherent distinctiveness in product design. The courts of appeals have suggested various tests and factors, some more and some less protective of product design or configuration. For example, in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994), the Third Circuit announced that trade dress protection for product configuration would require a showing that it was unusual or memorable, conceptually separable from the product, and likely to serve primarily as a designator of origin. *Id.* at 1448-50. In contrast, the Eighth Circuit in *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995), treated product configuration as analytically indistinguishable from packaging or trademarks for purposes of trade dress; the court simply adopted for all types of trade dress the classification for trademarks that originated in *Abercrombe & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). *Stuart Hall*, 51 F.3d at 785. Even prior to *Two Pesos*, in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977), the court adopted a test that focuses on whether a product design is "unique or unusual in a particular field" or instead is "a mere refinement of a commonly-adapted and well-known form of ornamentation for a particular class of goods." *Id.* at 1344. The *Seabrook* test has been criticized for, among other things, its propensity to protect trade dress simply because it is different than any other previous trade dress. *See, e.g.*, Glenn Mitchell & Rose Auslander, *Trade Dress Protection: Will a Statutorily Unified Standard Result in a Functionally Superior Solution?*, 88 Trademark Rep. 472, 489 (1998).

As demonstrated by the instant case, divergent views have emerged even within the confines of a single circuit. In several cases the Second Circuit treated product con-

figuration as distinct from packaging and repeatedly rejected trade dress claims for product configuration. *See, e.g., EFS Marketing, Inc. v. Russ Berrie & Co.*, 76 F.3d 487 (2d Cir. 1996); *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996 (2d Cir. 1995). By contrast, the Second Circuit in this case granted trade dress protection to an assortment of ordinary clothing design features, such as seersucker fabric, big collars, and appliques.

The years since *Two Pesos* have also seen vigorous debate among the commentators, many of them critical of excessive trade dress protection for product configuration. *See, e.g.*, Bradley K. Groff, *Bare-Fisted Competition or Palming Off? Protection of Product Design as Trade Dress Under the Lanham Act*, 23 AIPLA Q.J. 65 (1995) (product design is best protected under patent laws, if at all); Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119 (1997) (discussing numerous problems with unregistered trade dress protection for product configuration); Chad M. Smith, *Undressing Abercrombie: Defining When Trade Dress Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401 (1997) (arguing that *Abercrombie* factors developed for use with word-based trademarks do not serve the analytical needs of trade dress in other contexts).

For Payless ShoeSource, the debate is anything but academic. Consumer preferences and fashion trends are driving forces in its product development, distribution and marketing. Payless ShoeSource must make business decisions daily that involve the interpretation of validated style for the value-conscious consumer. As part of this process, Payless ShoeSource and other retailers of fashion-conscious products must contend with those who seek to stifle price competition in the marketplace through threat-

ening conduct involving assertion of trade dress protection for articles that either fall in the grey area or should be found to be unprotectible. The uncertainty created here casts a great chill on the competitive environment.

Unfortunately, the tests applied by the circuits today do not provide clear guidance or a predictable answer on whether a particular product design enjoys trade dress protection. For example, the *Abercrombie* factors in their present form provide no useful guidance in determining if a product configuration is inherently distinctive; however, *Abercrombie* does recognize that the concepts of source indicativeness and product descriptiveness are inversely correlated, but this principle seems to have been obscured in recent years. *See* Section IV, *infra*. Likewise, if anything resembling the Second Circuit's undefinable standard or the *Seabrook* test for product configuration trade dress is adopted by this Court, there is great potential for mischief in the marketplace—particularly in those industries where prevailing trends in style, fashion and aesthetics define the boundaries of the competitive field. The threat of trade dress protection for a "style" or "look," because of its lack of definition, will chill competition and foster increased litigation or threats of litigation as a competitive tool. It will be difficult to determine what is protectible, and protection will likely be asserted where it has traditionally been unavailable. In such an environment, producers of product designs need not undertake the burden of securing the protection afforded by the patent laws, which might clearly define the features of the design that are subject to protection—but would also more clearly define what is not protected. Rather, the clever producer would eschew appropriate protection under the patent laws and unfairly rely on the ambiguities of the Lanham Act to oppress potential competitors.

We ask this Court to bring order and predictability rather than chaos and uncertainty to the law of product configuration trade dress. Given the disarray among the precedents and the often problematic extension of legal doctrines beyond their origins, the Court should begin to resolve this case by returning to a few bedrock principles governing the protection of intellectual property.

II. TRADE DRESS PROTECTION FOR PRODUCT DESIGN MUST REST ON BEDROCK PRINCIPLES GOVERNING AND LIMITING THE PROTECTION OF INTELLECTUAL PROPERTY

The protection offered to trademarks, trade dress and other types of intellectual property has been molded by the courts and Congress with reference to certain fundamental principles. Because many of these principles apply with special force with respect to product design or configuration, any rule involving designs should be carefully fashioned to follow such principles. As one commentator in this field has stated, "a legal rule should track the policies it endeavors to serve. Thus . . . properly understanding the relevant policies will point to the proper rule." Chad M. Smith, *Undressing Abercrombie: Defining When Trade Dress Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401, 404 (1998).

The protection of product designs and configurations, unlike word and design marks and even packaging, frequently implicates the three areas of law for protection of intellectual property—patent, copyright and trademark. In order to fashion a workable rule to determine if and when a product design or configuration is inherently distinctive, therefore, it is necessary to understand the policies behind these three schemes and how they interact with one another.

A. The Lanham Act Prevents Consumer Confusion by Protecting the Source-Distinguishing Ability of Marks

The Lanham Act, adopted in 1946, provides protection in § 43(a) against the use of "any word, term, name, symbol, or device" that "is likely to cause confusion, or to cause mistake, or to deceive" as to the source of the product. 15 U.S.C. § 1125(a). Commentators and courts have identified several principles that are promoted by § 43(a) of the Lanham Act.

This Court previously has stated that "the Act's purpose [is] to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992). As noted by this Court in *Qualitex Co. v. Jacobsen Products Co.*, 514 U.S. 159 (1995), "trademark law, by preventing others from copying a source identifying mark, 'reduce[s] the customer's costs of shopping and making purchasing decisions,' . . . for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." *Id.* at 163-64 (quoting 1 McCarthy on Trademarks and Unfair Competition § 2:01[2], pp. 2-3 (3d ed. 1994)). In addition, trademark law encourages producers to provide quality goods and fosters competition among producers. *Qualitex*, 514 U.S. at 164. "It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word or sign—that permits it to serve these basic purposes." *Id.* By protecting the ability of consumers to easily distinguish between competing producers, the Act allows producers to "reap the financial, reputation-related rewards associated with a desirable product." *Id.*

The Act accomplishes these goals by protecting the "source-distinguishing ability of a mark." *Id.* A mark—whether word, design or dress—does not assist consumers to easily distinguish between competing producers if it does not readily identify the source of the producer of the good or service. The Act, therefore, only protects marks to the extent "as is necessary to prevent consumer confusion as to who produced the goods." *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980). Because the Act protects the source-distinguishing ability of marks only, the Act "does not forbid copying; it forbids conduct likely to confuse consumers about source or sponsorship." Robert C. Denicola, *Freedom to Copy*, 108 Yale L.J. 1661, 1673 (1999) (citing Ralph S. Brown, *Design Protection: An Overview*, 34 UCLA L. Rev. 1341, 1374 (1987)). Consistent with this fundamental purpose, a symbol's protectibility as a trademark is directly linked to its function as an indicator of source and inversely correlated to its function as a product descriptor. *See* Smith, *supra*, at 419-22.

B. The Patent and Copyright Acts Serve Other Purposes

In this manner, the Lanham Act differs markedly from the Patent Act, 35 U.S.C. §§ 101-376, and the Copyright Act, 17 U.S.C. §§ 101-810. Both the Patent and the Copyright Acts aim to protect designs from copying, if such designs meet certain criteria. The difference in purpose is most apparent when the Lanham Act is applied to product design or configuration features. Such features, by their very nature, are part of and inseparable from a tangible product and often serve an ornamental, aesthetic or utilitarian purpose. *See* Smith, *supra*, at 428; Grameme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 North Carolina L. Rev. 471, 602 (1997) (noting that in the marketplace, product

designs often serve aesthetic or utilitarian purposes as well as function as source identifiers); *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995) (stating that product features or designs cannot be presumed to serve a source-identifying function because their "primary purposes are likely to be functional or aesthetic"). Thus, the features may qualify for some protection under the patent or copyright systems. Consequently, when producers seek Lanham Act protection for product designs, the policies behind the Patent and Copyright Acts frequently conflict with those behind the Lanham Act. *See* 1 McCarthy on Trademarks and Unfair Competition § 6:10 (4th ed. 1996).

The Patent Act serves to encourage and reward innovation of either utilitarian or ornamental designs while simultaneously ensuring that proprietary rights are only granted for a limited time to those whose inventions meet the stringent requirements for patent protection. *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979); *see also* Melissa R. Gleiberman, *From Fast Cars to Fast Food: Overbroad Protection of Product Trade Dress Under Section 43(a) of the Lanham Act*, 45 Stan. L. Rev. 2037, 2058-59 (1993). As this Court previously noted, "[i]t is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, after which competitors are free to use the innovation." *Qualitex*, 514 U.S. at 164. Similarly, the Copyright Act "promotes the creation of original works of authorship by granting the author various exclusive rights in her work for a term equal to her life plus fifty years." Gleiberman, *supra*, at 2062. As in the Patent Act, the Copyright Act serves to protect an author from copying of the author's original work for a limited period of time.

C. Protection of Product Designs Under the Lanham Act Must Not Grant Proprietary Protection In Derogation of Patent and Copyright Law

The overarching purpose behind § 43(a) of the Lanham Act differs significantly from the Patent Act and Copyright Act; its purpose is to prevent confusion among customers while encouraging investment in trade and service marks. The Lanham Act seeks to avert potential confusion and encourage such investment by providing protection to the source-identifying characteristics of trade and service marks. The Patent and Copyright Acts, however, have separate criteria which, if met, provide and protect a property interest in the work itself, thus prohibiting competitors from copying the design for a limited period. Although product designs could possibly identify the source of manufacture, they also often encompass utilitarian or ornamental aspects of that product. *See Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1434 (3d Cir. 1994) ("[U]nlike product packaging, a product configuration differs fundamentally from a product's trademark, insofar as it is not a symbol according to which one can relate the signifier (the trademark, or perhaps the packaging) to the signified (the product).").

Consequently, any rule promulgated to determine the inherent distinctiveness of a product design under § 43(a) of the Lanham Act must focus exclusively on the source-identifying role of the design, while not usurping the roles of the Patent and Copyright Acts in protecting, or not protecting, such designs from copying. *See generally* A. Samuel Oddi, *Product Simulation: From Tort to Intellectual Property*, 88 Trademark Rep. 101 (1998). Otherwise, protection for product designs under the Lanham Act would defeat the policies behind the Patent and Copyright Acts because producers could gain protection

for their designs in perpetuity and without regard for the statutory safeguards inherent in the Patent and Copyright Acts. This Court should articulate a rule with respect to inherent distinctiveness which encourages (or at least does not provide a disincentive for) a merchant to use the Patent or Copyright Acts to prevent copying of a utilitarian, ornamental and/or aestheic design or, alternatively, to demonstrate that the design is highly source indicative before it qualifies as inherently distinctive trade dress.

III. ANY TEST OF INHERENT DISTINCTIVENESS OF PRODUCT DESIGN TRADE DRESS MUST PROTECT ONLY SOURCE INDICATIVENESS AND PROMOTE FREE COMPETITION

Any test adopted by this Court to determine whether a product design is "inherently distinctive" must, at a minimum, incorporate and serve two important interests.[3] First, the test must identify whether or not the product design in question is truly indicative of source. Second, the test must tend to promote, rather than chill, competition and free market forces.

A. To Be Inherently Distinctive, a Product Design Must Be Source Indicative

Under trademark law, a showing that the trademark or trade dress at issue distinguishes the product's source can be satisfied by showing that the mark or trade dress

[3] As discussed in note 2, *supra*, there is ample support for the view that *Two Pesos* did not go so far as to hold that product configuration trade dress, as opposed to product packaging, can be inherently distinctive such that no showing of secondary meaning is required for protection under the Lanham Act. Under this view, this Court in the first instance must determine whether product configuration can be inherently distinctive, and, if so, to what extent.

is inherently distinctive or that it has acquired inherent distinctiveness through secondary meaning. 1 McCarthy on Trademarks and Unfair Competition § 8:11 (4th ed. 1996). To assist in the determination of whether a trademark is inherently distinctive, courts have employed the *Abercrombie* test, which essentially is a classification system based on the degree to which the trademark at issue describes the product. *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1441 (3d Cir. 1994). The *Abercrombie* test is based on the premise that if a word or symbol is deemed to be "descriptive" (i.e., communicates information about the attributes of the underlying product), then there is a presumption that the primary function of such a word or symbol is not to communicate information about the source of that product. *See* Chad M. Smith, *Undressing Abercrombie: Defining When Trade Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401, 425 (1997). Thus, to be "inherently distinctive" under the *Abercrombie* test, a determination must be made that the word mark or trade symbol at issue does not describe the product with which it is identified, and therefore, is deemed to communicate information about the source of that product. Given the limited function of words to provide, in linguistic form, information about either the qualities of the product (e.g., size, quality, ingredients, etc.) or the source of the product, the *Abercrombie* test has worked relatively well in determining the inherent distinctiveness of word marks and trade symbols. *See id.*

However, in product configuration cases, as noted above, it is the very shape of the product which is sought to be protected. Unlike the limited purposes of words, trade dress—particularly product design—can serve several purposes, either singly or in combination. These purposes include aesthetic and utilitarian aspects, as well

as source indicativeness. It is this fundamental difference in the purposes which product configuration trade dress can serve which sets it apart from trademark and product packaging trade dress in fashioning a test for inherent distinctiveness.

The analytical distinction between word marks and product packaging on the one hand, and product configuration on the other, has left both courts and commentators questioning whether the *Abercrombie* test is appropriate when applied to product configuration. *See* Bradley K. Groff, *Bare-Fisted Competition or Palming Off? Protection of Product Design as Trade Dress Under the Lanham Act*, 23 AIPLA Q.J. 65, 78-79 (1995) (noting that "[w]hen the trade dress in question comprises the configuration or design of the product itself, it is difficult to imagine how it can be any more than 'descriptive' of the goods, as in fact, it is the goods"); *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 647 (7th Cir. 1993) (Cudahy, J., dissenting) (noting that product configuration is not descriptive of the product but is "as generic as the name of the product"). As a consequence, many commentators and courts have called for the application of separate legal standards in assessing the source identifying capabilities of product configuration trade dress and of product packaging trade dress. *See, e.g.*, Melissa R. Gleiberman, *From Fast Cars to Fast Food: Overbroad Protection of Product Trade Dress Under Section 43(a) of the Lanham Act*, 45 Stan. L. Rev. 2037, 2043 (1993) (noting an appreciation of the differences between product packaging trademark and product configuration "illustrates the need for varying legal standards"); Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119, 131 (1997) (collecting authorities which advocate both unitary and separate tests); *Duraco*, 40 F.3d at

1434 ("traditional trade dress doctrine does not 'fit' a product configuration case because unlike product packaging, a product configuration differs fundamentally from a product's trademark"); *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378-79 (2d Cir. 1997) (discussing choices between product packaging and product configuration).

Moreover, this Court has itself distinguished trade dress comprising labeling, packaging, and traditional word or symbol trademarks, from trade dress constituting the design of the product itself. In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), the Court on the one hand recognized that states could legitimately "protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." *Id.* at 232. Yet, on the other hand, when examining the design of the product itself, the Court allowed direct copying of the lamp at issue, even though recognizing that

> of course there could be "confusion" as to who had manufactured these nearly identical articles. But mere inability of the public to tell two identical articles apart is not enough to support an injunction against copying that which the federal patent laws permit to be copied.

Id. Thus, this Court in *Stiffel* appears to have acknowledged that the unpatented design of the product itself merits less protection than the more traditional trade dress features of the article (i.e., trademarks, labels or packaging). Similarly, the *Stiffel* Court seemed to recognize that, without distinctiveness acquired through secondary meaning, any protection of the product's design must be under the patent laws, and absent patent protection, the design fell into the public domain.

Regardless of whether this Court adopts a separate or unitary test for product configuration trade dress, the test should accommodate the distinction between product configuration and product packaging. More particularly, a specific product configuration should not be deemed inherently distinctive if it cannot effectively identify its source to consumers. *See Duraco,* 40 F.3d at 1449. Without secondary meaning, a product design simply has no distinctiveness, unless its design can be divorced from the product's function and ornamentality. "To identify a product's source, a purchaser must conceptually perceive the particular configuration separately from the utilitarian and ornamental aspects of the product." Gracia Maria Shiffrin, Note, *The Third Circuit's New Test Provides an Alternative to Urning Secondary Meaning in the Market,* 6 DePaul Journal Art & Ent. Law 275, 294 (1996). *See also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 cmt. b (1995) ("[I]t is less common for consumers to recognize the design of a product or product feature as an indication of source. Product designs are more likely to be seen merely as utilitarian or ornamental aspects of the goods."). In perceiving the product configuration, the purchaser must be able to assess its symbolic meaning, which is to distinguish and designate source or sponsorship. If the purchaser views the product configuration as merely part of the product itself, as either an ornamental or functional component, then it cannot be inherently distinctive.

The need for a higher threshold to obtain trade dress protection for product configuration is particularly evident in those industries, like the apparel industry, where product design and aesthetics play a major role in competition and customer preferences. Product configurations for goods in which the "look and feel" is the essence of what is being sold (e.g., fashion and decor) make particularly poor

source signifiers. Hermenegildo A. Isidro, *The Abercrombie Classifications and Determining the Inherent Distinctiveness of Product Configuration Trade Dress,* 62 Brook. L. Rev. 811, 846 (1996). The commercial success of such goods is largely based on the visual appeal of the designs employed. Consumers purchase these products mainly because they are attractive, and such industries are dependent on the continual introduction of imaginative designs. Accordingly, the designs of such products are far less likely to identify their producers than in industries in which innovative design elements are not the norm. *Id.*

B. Overbroad Protection of Product Design Trade Dress Leads to Monopoly-Like Protection of Unlimited Duration and Chills Competition

Any rule created to determine whether a product design or configuration is inherently distinctive should be easy for the public and competitive interests to apply. The current definition of inherent distinctiveness, or lack thereof, makes it difficult for competitors to formulate a sound business strategy. *See* A. Samuel Oddi, *Product Simulation: From Tort to Intellectual Property,* 88 Trademark Rep. 101, 153 (1998) ("The ambiguity of the concept [of inherent distinctiveness] is likely to increase transaction costs and have a deterrent effect on competitors considering entering the market in this particular product, or it may force them to expend additional amounts to make certain of a non-infringing design.").

Both the competitive market and the consuming public would be well served by a clear, unambiguous explanation of whether, and if so how, a product design or configuration can be inherently distinctive such that it falls within the protection of § 43(a) of the Lanham Act. The competitive market would be able to design products without fear of liability under the Lanham Act, while consumers

would reap the benefit of a greater selection of goods at lower prices.

Rather than promote competition, a subjective standard which grants overbroad protection to product configuration trade dress can have significant anticompetitive effects. "[W]hen competitors are barred from duplicating features whose value to consumers is intrinsic and not exclusively as a signifier of source, competition is unduly hindered." *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 657 (7th Cir. 1995). Moreover, when trade dress protection is afforded to product configurations which are not source indicative, creation of monopoly-like power in perpetuity may result. *See, e.g.*, Shiffrin, *supra*, at 292 (noting that those who oppose a broad trade dress protection for product configuration do so on the ground that it "results in limitless monopolies conflicting with other intellectual property schemes"); Ronald J. Horta, Note, *Without Secondary Meaning, Do Product Design Trade Dress Protections Function as Infinite Patents?*, 27 Suffolk U. L. Rev. 113, 114 (1993) ("[E]xtended definition of trade dress to protect product features . . . grants monopolies of unlimited duration.").

Neither the law of trademark nor unfair competition was designed to create monopoly power (and certainly not in perpetuity), but rather was aimed at protecting consumers from source confusion. *See Bonito Boats, Inc. v. Thundercraft Boats, Inc.*, 489 U.S. 141, 157 (1989) ("the law of unfair competition has [as] . . . its general concern . . . protecting consumers from confusion as to source . . . . [T]he focus is . . . not the protection of producers as an incentive to product innovation."); *James Burrough Limited v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) ("[T]he trademark law exists not to protect trademarks, but to protect the consuming

public from confusion, concomitantly protecting the trademark owner's right to a non-confused public."). Unless subject to a rigorous standard, trade dress protection of product configuration could lead to the grant of a property right of indefinite duration. Such overbroad protection would create a new area of protection not found in the Lanham Act and unfettered by the requirements of copyright and patent law. *See* Ralph S. Brown, *Copyright and Its Upstart Cousins: Privacy, Publicity, Unfair Competition*, 33 J. Copyright Soc'y USA 301, 311 (1986) ("protection of industrial design unless firmly tied to source recognition as a trademark, easily slides into an unpredictable system of monopoly awards for successful designs, uninhibited by the statutory standards of copyright law or design patent law").

As noted above, there is nothing in the legislative history of the Lanham Act that suggests that the trademark system should provide incentives or protection for the creation of attractive product designs. *See* Gleiberman, *supra*, at 2056. Nevertheless, some courts, like the Second Circuit in this case, have (either explicitly or implicitly) used the incentive to create attractive designs as a rationale to justify overbroad trade dress protection for product configurations. "While an increase in attractive product designs may be one fringe benefit of trade dress protection, neither section 43(a) [of the Lanham Act] nor the trademark system as a whole was intended to encourage producers to create especially attractive features." *Id.* at 2057. Rather than engage in a form of judicial activism by interpreting the Lanham Act to create new trade dress rights that do not currently exist, courts should leave any such expansion of existing statutory law to the legislative branch. To do otherwise threatens the delicate balance of the "tripartite federal intellectual property schema." *Id.* at 2058.

Allowing such broad protection for product configuration is particularly troublesome because, unlike trademarks and packaging trade dress, there is only a finite number of product designs agreeable to the consumer. As noted by the *Duraco* court, while there is a "practically inexhaustible set of distinct but approximately equivalent variations" of packaging and labeling options available for any given product, that product's configuration "has finite competitive variations that, on the whole, are equally acceptable to consumers." *Duraco*, 40 F.3d at 1448. Allowing a product manufacturer or retailer to forever foreclose competitors from even one of those variations where the product configuration at issue is not source indicative should not be permitted in the absence of a valid patent or copyright examination. *See* Groff, *supra*, at 79.

IV. THE INHERENT DISTINCTIVENESS OF PRODUCT DESIGN SHOULD BE EVALUATED UNDER THE THIRD CIRCUIT *DURACO* STANDARD WITH A MODIFICATION THAT ASSESSES THE SOURCE INDICATIVENESS OF PRODUCT DESIGN AS INVERSELY CORRELATED TO THE DESIGN'S PERCEPTUAL INFORMATIVENESS ABOUT THE PRODUCT

Given that product configuration is ordinarily perceived differently by consumers than packaging, the test adopted by this Court must address those distinctions in a manner that furthers the purpose of trademark law, while at the same time taking into account competitive need. In addition, in adopting any test of inherent distinctiveness for product configuration trade dress, the Court must avoid the risk associated with giving product configurations trademark protection that circumvents the patent examination process and that grants rights in perpetuity. The test that best accomplishes these aims is the test set forth

by the Third Circuit in *Duraco*, with a modification to the third element of that test.

Under the *Duraco* test, to be inherently distinctive, a product configuration must be: "(i) unusual and memorable; (ii) conceptually separable from the product; and (iii) likely to serve primarily as a designator of origin of the product." *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1449 (3d Cir. 1994). The court's analysis in *Duraco* focused upon the likelihood that the configuration would be perceived as source indicative. Accordingly, "unusual and memorable" was defined as whether the configuration would be "apt to be impressed upon the minds of consumers, so that it is likely to be actually and distinctly remembered." *Id.* The second factor, referred to as "conceptual separability," was defined as a design element that acts "as an independent signifier of origin rather than as a component of the good." *Id.* at 1450. The third factor, whether the trade dress is likely to serve primarily as a designator of source, focuses on whether "a consumer would likely perceive the feature or combination or arrangement of features as something that renders the product intrinsically more desirable," or, instead, whether such a consumer would perceive it "primarily as a signifier of the product's source." *Id.*

One of the virtues of the *Duraco* test is that it attempts to rein in the overly subjective "eye-ball test" of *Abercrombie* as well as *Seabrook* as applied to producer configuration trade dress, in favor of a more objective test. *See* Gracia Maria Shiffrin, Note, *The Third Circuit's New Test Provides an Alternative to Urning Secondary Meaning in the Market*, 6 DePaul Journal Art & Ent. Law 275, 292-93 (1996). *See also* Ralph S. Brown, *Design Protection: An Overview*, 34 UCLA L. Rev. 1341, 1380 (1987) ("to say that the overall design of a useful article is

'inherently distinctive' of a particular source just by examining it . . . substitutes an impression that the design is outstanding, or eccentric, or clever, or something, for the proof of association with a source"). Specifically, the first two prongs of the *Duraco* test attempt to state certain threshold requirements a product configuration must satisfy before it can be analyzed under the final prong to determine whether the configuration, in fact, can be deemed inherently distinctive.

The unusualness and memorability prong of the *Duraco* test requires that the product configuration be such that consumers are able to recognize in it something other than the product. Shiffrin, *supra*, at 294. *Duraco* thus requires that the product configuration be of such a unique nature as to "be impressed upon the minds of the consumers, so that it is likely to be actually and distinctly remembered." *Duraco*, 40 F.3d at 1449. If the product configuration is not unusual or memorable in the minds of consumers, the design may not be distinctive or strong enough to allow consumers informed of all the options in a given market to reasonably rely on it to indicate source. This requirement excludes from protection as inherently distinctive those product designs which are customary or commonplace in a particular market, and which therefore resemble the generic and descriptive marks which can never be inherently distinctive under the traditional *Abercrombie* test.

The conceptual separability element of the *Duraco* test requires that the consumer be able to separate mentally the product itself from the three-dimensional features that function primarily to signify source. This is important because to identify a product's source, the consumer must be able to distinguish the particular product configuration from the utilitarian and aesthetic characteristics of the product. In other words, in perceiving the product con-

figuration, the consumer must be able to assess its symbolic meaning as a means of distinguishing and signifying source. Shiffrin, *supra*, at 294. If the consumer simply views the product configuration "as a mere component" or "the essence of product gestalt," this factor of the *Duraco* test dictates that the product is not inherently distinctive. Moreover, this factor does not necessarily require the product configuration to be attractive, but merely requires that certain three-dimensional features of the product be perceived separately "so that a consumer will recognize [the configuration's] symbolic (signifying) character." *Duraco*, 40 F.3d at 1449.

The final element of the *Duraco* test, the likelihood to serve primarily as a signifier of product source, focuses on "a source's intent in adopting the particular configuration." *Id.* at 1450. By focusing on the intent of the producer in adopting the particular configuration at issue, this element is subject to manipulation. More particularly, if the *Duraco* test were to be adopted *en toto* by this Court, it is quite likely that producers gradually would begin to generate self-serving memorandums and other documents "evidencing" their intent that various product configurations were adopted primarily for source identifying purposes, when in actuality, such configurations were really designed for ornamental or utilitarian purposes. As such, this third element of the *Duraco* test needs to be replaced with an analysis that is less subject to manipulation and more truly focuses on the source indicative nature of the product configuration in question.

This analysis should also address the fundamental organizing principle which, in the struggle by courts and commentators to develop and apply a test for inherent distinctiveness for product design, has been lost, namely: the concept that product descriptiveness and source indicativeness are inversely correlated. A test for inherent

distinctiveness of product design should return to basic principles and maintain continuity with settled law. The newly proposed third element of the *Duraco* test attempts to achieve those goals by slightly reframing and extending the *Abercrombie* formulation beyond word-based marks to encompass a test which can be readily applied to product designs in determining whether or not they primarily serve as a designator of the source of the product.

Under the classic *Abercrombie* test, words descriptive of the product are at the polar extreme from arbitrary or fanciful words that convey no information about the product and instead operate only as source identification. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10-11 (2d Cir. 1976). Whereas words may be "descriptive" of a product, other sensory data (e.g., non-linguistic visual or auditory perceptions) may be "informative" about the product and its characteristics (i.e., utilitarian or ornamental or both). Thus, when considering where on the spectrum of "distinctiveness" a given product configuration trade dress should lie, the determination is made based upon the measure or tendency of the trade dress to directly and immediately convey information about the product's characteristics (its utility or aesthetics) or any other qualities.

Product configuration almost always conveys utilitarian information about the product—what it is, what it does, and how it works. Product ornamentation typically supplies information about the suitability of the product for the consumer's intended use. To use shoes as just one example, ornamentation is one product feature that differentiates a running shoe from a dress shoe from a hiking shoe. The consumer's view of a shoe configuration is therefore directly and immediately informative, so the shoe configuration is not entitled to the status of inherently distinctive trade dress.

Discussed below are a few specific examples illustrating the placement of various trade dress configurations on the "distinctiveness" spectrum using the newly proposed analysis for the third element of the *Duraco* test (i.e., analyzing a particular configuration's "perceptual informativeness" to a consumer about the underlying product). These examples demonstrate the workability of the modified *Abercrombie* criteria, when applied to trade dress configuration, merely by considering the configuration's "perceptual informativeness."

"Generic" symbols refer to, or have come to be understood as referring to, the entire genus to which the particular good is a species. Such symbols inform the consumer about the goods so completely that they are or have become the generic symbol attributable to that good. Such configuration symbols could never function as a source indicator for the products they symbolize because of the "perceptually informative" nature of the symbols. For instance, the traditional configuration of a coffee cup could never function as a signifier of source for such products because of the information about the product which such configuration provides to a consumer immediately upon perception. Similarly, the traditional product configurations for a telephone, eyeglasses, or a football are so directly and immediately informative about the product and its characteristics, that trade dress protection is unwarranted because of the generic nature of those configurations.

Thus, in the case of the substantial majority of product configurations, the configuration, as trade dress, fails to perform in any trademark sense because of the extensive information directly and immediately available to a consumer upon initial perception. These "generic" configuration symbols, if protected, would severely hinder competi-

tion because they represent highly efficient means by which a merchant may communicate information about the product to consumers.

Applying the analysis proposed here for the third element of the *Duraco* test, only those configurations that are commonly known but which, when used in connection with a particular good, convey no information relevant to the good's characteristics, would be deemed "arbitrary" and thus inherently distinctive. *See, e.g., In re International Playtex Corp.*, 153 U.S.P.Q. 377 (T.T.A.B. 1967) (container configuration having the appearance of an ice cream cone found inherently distinctive for baby pants) (*cited in* TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1202.03(f)(iv) (1997)). Similarly, under this analysis, "fanciful" configurations would be those which are selected only for their use as trade dress configurations and which bear no relationship to commonplace, everyday articles, and thus, provide no information relevant to the good's characteristics.

In short, under this reformulation and extension of the *Abercrombie* test as incorporated into the third element of the *Duraco* test, if the product configuration at issue was found to be "generic" because of the "perceptually informative" nature of the configuration, it could never qualify for trade dress protection. Conversely, if such product configuration was determined to be "arbitrary" or "fanciful" under the perceptual informativeness analysis proposed herein, it would be deemed inherently distinctive, and no showing of secondary meaning would be required. If the configuration was determined under the analysis to be neither generic nor arbitrary or fanciful, then it would be deemed to be "informative" and a showing of secondary meaning would be required before any trade dress protection would obtain.

Thus, under the modified third element of the *Duraco* test proposed in this brief, product configurations would almost never qualify for inherently distinctive trade dress protection because configurations are highly informative about the product. Conversely, where a design or configuration is *un*informative about the product and divorced from its function and ornamentality, it would instead serve primarily as a designator of product source and would therefore be entitled to some protection.

CONCLUSION

The legal landscape is littered with a bewildering array of supposed tests for inherent distinctiveness. If the concept is to have any meaningful application to product design without chilling competition by cumbersome ambiguity, inherent distinctiveness must be defined in a manner that predictably produces results whereby product informativeness and Lanham Act protection are inversely correlated. The modified *Duraco* test proposed above affirms these goals by setting out more objectively based standards under which consumer perception of a product configuration is validated and a producer's right to protect inherently distinctive product configuration is recognized only when that configuration acts as a source designator.

Respectfully submitted,

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